Listed Company Information

YANGTZEKIANG<00294> - Results Announcement

Yangtzekiang Garment Manufacturing Company Limited announced on 15/07/2005:
(stock code: 00294)
Year end date: 31/03/2005
Currency: HKD
Auditors' Report: Unqualified

	Note	(Audited) Current Period from 01/04/2004 to 31/03/2005 ($)	(Audited) Last Corresponding Period from 01/04/2003 to 31/03/2004 ($)
Turnover	:	1,665,835,000	1,493,488,000
Profit/(Loss) from Operations	:	72,244,000	70,533,000
Finance cost	:	(31,800,000)	(26,206,000)
Share of Profit/(Loss) of Associates	:	2,028,000	49,466,000
Share of Profit/(Loss) of Jointly Controlled Entities	:	N/A	N/A
Profit/(Loss) after Tax & MI	:	35,016,000	69,085,000
% Change over Last Period	:	-49.31 %	
EPS/(LPS)-Basic (in dollars)	:	0.20	0.48 (Restated)
-Diluted (in dollars)	:	N/A	N/A
Extraordinary (ETD) Gain/(Loss)	:	N/A	N/A
Profit/(Loss) after ETD Items	:	35,016,000	69,085,000
Final Dividend per Share	:	8 cents	9 cents
(Specify if with other options)	:	N/A	N/A
B/C Dates for Final Dividend	:	14/09/2005	to 22/09/2005 bdi.
Payable Date	:	26/09/2005	
B/C Dates for (-) General Meeting	:	N/A	
Other Distribution for Current Period	:	N/A	
B/C Dates for Other Distribution	:	N/A	

Remarks:

1. Recently issued accounting standards

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (collectively, "new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005.

The Group has made a preliminary assessment of the impact of these new HKFRSs and has so far concluded that the adoption of the Hong Kong Financial Reporting Standard ("HKFRS") 3 "Business combinations", Hong Kong Accounting Standards ("HKAS") 40 "Investment properties" and HKFRS 2 "Share-based payment" will have a significant impact on its consolidated financial statements as set out below:

(a) At present, the Group has recognised positive goodwill arising on acquisitions of controlled subsidiaries and associates after 1 April 2001 in the balance sheet as assets. Such goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life which may not exceed 20 years. Positive goodwill arising on acquisitions prior to 1 April 2001 was charged to reserves in the period in which it arose and has not been restated. Under the transitional arrangements of HKFRS 3, the Group will discontinue amortising the positive goodwill classified as assets as at 1 April 2005 and eliminate the carrying amount of the related accumulated amortisation with a corresponding decrease in positive goodwill. Positive goodwill will then be subject to an annual impairment test in accordance with HKAS 36 " Impairment of assets". If the Group had adopted HKFRS 3 for the current year, the Group's profit attributable to the shareholders for the year ended 31 March 2005 and the Group's net assets at 31 March 2005 would have been increased by $6,522,000.

In addition, the Group has recognised negative goodwill arising on acquisitions of controlled subsidiaries and associates in prior years. Such negative goodwill is amortised to the consolidated income statement on a proportional basis, when the relevant assets acquired are sold or otherwise realised. HKFRS 3 requires negative goodwill to be recognised in the consolidated income statement immediately. Under the transitional arrangements of HKFRS 3, the existing negative goodwill recognised in the balance sheet will be derecognised by way of an adjustment to retained earnings at 1 April 2005. If the Group had adopted HKFRS 3 for the current year, the Group's profit attributable to shareholders for the year ended 31 March 2005 would have been decreased by $10,522,000 and the Group's net assets as at 31 March 2005 would have been increased by approximately $44,703,000 respectively.

(b) At present, surpluses or deficits arising on the annual revaluation of the Group's and its associates' investment properties to open market value at the balance sheet date are dealt with in the investment properties revaluation reserves or in the income statement if the total of those reserves is insufficient to cover a deficit on a portfolio basis. Following the adoption of the new HKAS 40, the investment properties of the Group and its associates will continue to be stated at open market value and all surpluses or deficits arising from the revaluation of the investment properties will be reported in the consolidated income statement. The new HKAS 40 requires the provision of deferred tax on revaluation surpluses or deficits calculated at applicable profits tax rates in accordance with the guidance in HKAS Interpretation 21 "Income taxes - recovery of revalued non-depreciable assets". If HKAS 40 had been adopted for the current year, the Group's profit attributable for the year ended 31 March 2005 to shareholders would have been increased by $3,580,000, being the total of the net revaluation surpluses arising on the Group's investment properties of $6,180,000 which has been dealt with in the investment properties revaluation reserves less deferred tax of $2 ,438,000 and the Group's share of the associates' net revaluation surpluses (net of deferred tax) of $162,000. Furthermore, recognition of deferred tax on the Group's cumulative properties revaluation surpluses would also be required which would have reduced the Group's net assets as at 31 March 2005.

HKAS 40 is required to be adopted retrospectively. Consequently upon adoption for the year ending 31 March 2006, comparative figures will be restated such that revaluation surpluses (net of deferred tax) at 1 April 2004 and 1 April 2005 of $30,793,000 and $34,373,000, respectively, will be dealt with in retained earnings and additional deferred tax liabilities will be created.

(c) At present, when the Group grants employees options to acquire shares in the Company at nominal consideration, no employee benefit cost or obligation is recognised at the date of grant. When options are exercised, equity is increased by the amount of the proceeds received.

In accordance with the requirements of HKFRS 2, for the year beginning 1 April 2005, an expense, equivalent to the fair value of the option, is required to be recognised in the consolidated income statement where the Group obtains services in exchange for share-based consideration. The expense would be charged to the expense category to which the respective individual relates and a corresponding entry would be made to a capital reserve.

When the options are exercised, the amounts recorded in the capital reserve in respect of the share option, to the extent of the nominal value of the shares issued on exercise of the option, would be transferred to share capital and the balance to the share premium account.

Accordingly, the principal impact of HKFRS 2 on the Group depends on the fair value of the options, usually at the date of grant. The Group granted no options during the year ended 31 March 2005. Accordingly, there will be no retrospective effect upon adoption of HKFRS2.

The Group is continuing its assessment of the impact of the new HKFRSs and other significant changes may be identified as a result of this assessment.

2. Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to the shareholders of 35,016,000 (2004: $69,085,000) and on the weighted average of 175,326,452 shares (2004: 143,050,708 shares after adjusting for the rights issue in 2005) in issue during the year.